



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

FOR IMMEDIATE RELEASE

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STATE FUNDS INVESTED IN TEACHER HOME LOANS

SACRAMENTO – California State Treasurer Philip Angelides today announced a new investment of \$123 million in teacher home loans. The investment made by the \$50 billion Pooled Money Investment Account (PMIA), overseen by Angelides, will yield a favorable 6.30 percent, and will increase funds available for additional teacher home loans.

“With today’s investment, we have increased the capital available for teacher loans that cover up to 100% of a home’s purchase price. This is a great opportunity to help those who choose the noble teaching profession achieve homeownership, and at the same time, earn a solid rate of return for the taxpayers,” Angelides said.

Today’s purchase of \$156,220,000 in mortgage backed securities comprised largely (79%) of home loans to teachers is the first such investment initiated and completed by the PMIA. It was designed to help expand the capacity of the California State Teachers’ Retirement System (CalSTRS) Home Loan Program, by providing new capital to make additional loans to educators. CalSTRS’ program offers teachers loans of up to 100 percent of the home purchase price, as well as low fees and competitive interest rates.

The PMIA made its teacher home loan investment as part of the Treasurer’s “Double Bottom Line” investment strategy, which focuses on achieving successful investment results while simultaneously broadening economic opportunity in California communities. It builds on the Extra Credit Teacher Home Purchase Program, created by the Treasurer in October 2000, which provides funding for reduced rate home loans and tax credits, coupled with down payment assistance, for teachers serving in low-performing schools. 192 teachers have become first-time homebuyers through this program to date.

Other “Double Bottom Line” investments made previously by the PMIA are the purchase of \$966,126,300 of California mortgages made in low- to moderate-income neighborhoods and an increase in deposits of state funds in local banks and credit unions from under \$2 billion to \$5 billion. In the past three years, over \$12 billion in public program resources and investment capital has been directed toward these and other “Double Bottom Line” goals.

The home loans purchased today have an average life of 3.77 years, and their yield of 6.30 percent is well in excess of the current 4-year Treasury Note yield of 4.20 percent. They are insured by Freddie Mac, the nation’s second largest investor in home loans.

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